

## Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 IO-10 ISO-00 FEA-01 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 FRB-01 H-01 INR-07 INT-05

L-02 LAB-04 NSAE-00 NSC-05 PA-01 RSC-01 AID-05

CIEP-01 SS-15 STR-01 TAR-01 TRSE-00 USIA-06 PRS-01

SP-02 OMB-01 OIC-02 AF-06 EA-06 EUR-12 NEA-09 /126 W

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R 080001Z JAN 75

FM AMEMBASSY MEXICO

TO SECSTATE WASHDC 5542

INFO USMISSION GENEVA

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E.O. 11652: N/A

TAGS: ETRD, MX

SUBJECT: GOM OFFICIAL COMMENTS ON NEW TRADE LAW

REF: (A) STATE 001162 (B) MEXICO 36 (C) MEXICO 10825

(D) STATE 282967

1. EMBASSY ECONOMIC COUNSELOR AND ECONOMIC OFFICER CALLED TODAY (JANUARY 7) ON AMB. MARIO ESPINOSA DE LOS REYES, DIRECTOR, INTERNATIONAL ECONOMIC AFFAIRS, SECRETARIAT OF FOREIGN RELATIONS, TO PRESENT COPY TITLE V TRADE REFORM ACT 1974 AS INSTRUCTED REFTEL (A).

2. IN PRESENTING TITLE V, ECONOMIC COUNSELOR NOTED LANGUAGE SECTION 502(C), WHICH STATES INTER ALIA THAT WHEN DESIGNATING BENEFICIARY COUNTRIES PRESIDENT WILL TAKE INTO ACCOUNT "AN EXPRESSION BY SUCH COUNTRY OF ITS DESIRE TO BE SO DESIGNATED."

3. AT THIS POINT AMB. ESPINOSA RECONFIRMED THE GOM'S  
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INTEREST IN BEING DESIGNATED A BENEFICIARY DEVELOPING

COUNTRY. HE ALSO NOTED THAT MEXICO HAS BEEN ACTIVE FOR MANY MONTHS IN THE PREPARATION OF GSP PRODUCT LISTS, AND THAT THE MEXICAN EMBASSY IN WASHINGTON AND OTHER GOM OFFICIALS (E.G., FROM TREASURY) HAVE MAINTAINED A CLOSE DIALOGUE WITH U.S. OFFICIALS ON THE SUBJECT OF GSP. HE ASSUMES, THEREFORE, THAT NO FURTHER GOM EXPRESSION OF ITS DESIRE TO BE DESIGNATED AS A BENEFICIARY IS NECESSARY. (COMMENT: DEPARTMENT IS REQUESTED TO CONFIRM THIS VIEW OR TO ADVISE SOONEST AS TO WHAT FURTHER ACTION UNDER SECTION 502(C)(1) IS REQUIRED. SHOULD BE NOTED THIS REGARD THAT FOR SOME REASON NOT ENTIRELY CLEAR AMB. ESPINOSA EXHIBITED SOME RELUCTANCE TO INITIATE FURTHER REQUEST, THOUGH AS NOTED ABOVE CLEARLY DESIROUS OF GSP BENEFITS.)

4. IN INQUIRING AS TO THE AVAILABILITY OF COPIES OF THE WHOLE TEXT OF THE NEW LAW (WE REPLIED THAT IT HAS NOT YET BEEN RECEIVED.), AMB. ESPINOSA SAID THAT, TO HIM, MTN AND BILATERAL NEGOTIATIONS ASPECTS WERE MUCH MORE IMPORTANT TO MEXICO THAN THE GSP. HE DESCRIBED THE ECONOMIC IMPACT OF GSP AS LESS IMPORTANT TO MEXICO THAN THE NEGOTIATING OPPORTUNITIES ON TARIFFS AND NTB'S PROVIDED BY THE NEW LAW. WHEN ECONOMIC COUNSELOR ASKED IF MEXICO WAS NOW CONSIDERING FULL MEMBERSHIP IN THE GATT, FONOFF OFFICIAL SAID THAT AT PRESENT MEXICO BEING TREATED IN GENEVA "AS THOUGH IT WERE A MEMBER OF THE GATT," ADDING, HOWEVER, THAT WITHIN TWO OR THREE MONTHS GOM WOULD UNDERTAKE A THOROUGH REVIEW OF ADVANTAGES AND DISADVANTAGES OF GATT MEMBERSHIP. (COMMENT: AMBASSADOR LEFT CLEAR IMPRESSION THAT HE WAS FAVORABLY DISPOSED TO GATT MEMBERSHIP FOR MEXICO.)

5. AMB. ESPINOSA SAID THAT "EVEN MORE IMPORTANT THAN MTN AND THE GATT" IS VITAL MEXICAN NEED FOR VERY CLOSE COMMUNICATIONS AND BILATERAL NEGOTIATIONS WITH THE U.S., WHICH IS BY AN OVERWHELMING MARGIN MEXICO'S MOST SIGNIFICANT MARKET. HE SAID THAT STUDY OF TRADE LAW WILL UNDOUBTEDLY DISCLOSE POSSIBILITIES NEW BILATERAL APPROACHES. HE ALSO NOTED WHAT HE BELIEVED WERE GOING TO BE HELPFUL CHANGES IN SUCH AREAS AS COUNTERVAILING DUTIES, WHICH IN LIMITED OFFICIAL USE

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THE PAST HAVE CAUSED PROBLEMS IN U.S.-MEXICAN ECONOMIC RELATIONS. (COMMENT: CONTRARY TO CRITICAL TONE SET BY PRESS REGARDING TRA, AMB. ESPINOSA, WHO IS NOT KNOWN FOR GRATUITOUS FRIENDLY GESTURE TO U.S., OBVIOUSLY FEELS THAT TRA OFFERS ADVANTAGES TO MEXICO IN ITS EFFORTS TO INCREASE ITS EXPORTS TO THE U.S.)

6. APPROACHING THE SUBJECT OF OPEC OBLIQUELY, EMBASSY OFFICERS MENTIONED PRESS REPORTS THAT UNHAPPINESS VENEZUELA AND ECUADOR WITH NEW TRADE LAW CENTERED ON OPEC PROVISION BKREFTEL C). AMB. ESPINOSA SHOWED ABSOLUTELY NO INTEREST OR CONCERN WITH THIS PROVISION AS FAR AS MEXICO WAS CONCERNED.

7. EMBASSY ECONOMIC COUNSELOR MADE FINAL POINT THAT, WHILE NO DETERMINATION HAS BEEN MADE AS YET REGARDING THE ELIGIBILITY OF ANY COUNTRY, UNDER PRESENT CIRCUMSTANCES THE USG BELIEVES THAT MEXICO WILL BENEFIT FROM GSP.

8. AMB. ESPINOSA EXPRESSED APPRECIATION FOR VISIT, NOTING THAT HE HAD BEEN DISCUSSING MATTER NEW TRADE LAW WITH FOREIGN SECRETARY RABASA THAT VERY MORNING (JANUARY 7) AND THAT HE HOPED TO ESTABLISH IN HIS OFFICE A FOCAL POINT FOR GOM PARTICIPATION IN TARIFF NEGOTIATIONS.  
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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** TRADE LAW, GOVERNMENT REACTIONS, NEGOTIATIONS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 08 JAN 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** MorefiRH  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975MEXICO00185  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D750007-0086  
**From:** MEXICO  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1975/newtext/t19750170/aaaacjbk.tel  
**Line Count:** 133  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION EB  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 75 STATE 001162, 75 MEXICO 36, 75 MEXICO 10825  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** MorefiRH  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 18 JUN 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <18 JUN 2003 by KelleyW0>; APPROVED <11 SEP 2003 by MorefiRH>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
05 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** GOM OFFICIAL COMMENTS ON NEW TRADE LAW  
**TAGS:** ETRD, MX, US, (ESPINOSA DE LOS REYES, MARIO)  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006